

# ***FYI – For Your Information***

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## ***Sales Tax Information For Out-of-State Businesses***

### **GENERAL INFORMATION**

Colorado sales tax law requires that state sales or use tax be paid on all tangible personal property that is sold, leased or delivered in Colorado for use, storage, distribution or consumption in Colorado. Generally, the vendor is liable for collecting and remitting sales taxes.

For out-of-state vendors, the responsibility for collecting and remitting either Colorado state sales tax or retailer's use tax depends upon the extent to which they are "doing business in this state" as defined by Colorado law:

"Doing business in this state" means the selling, leasing, or delivering in this state, or any activity in this state in connection with the selling, leasing, or delivering in this state, of tangible personal property by a retail sale...for use, storage, distribution, or consumption within this state. This term includes, but shall not be limited to, the following acts or methods of transacting business:

"(a) The maintaining within this state, directly or indirectly or by a subsidiary, of an office, distributing house, sales-room or house, warehouse, or other place of business;

"(b) The soliciting, either by direct representatives, indirect representatives, manufacturers' agents, or by

distribution of catalogues or other advertising, or by use of any communication media, or by use of the newspaper, radio, or television advertising media, or by any other means whatsoever, of business from persons residing in this state, and by reason thereof receiving orders from, or selling or leasing tangible personal property to, such persons residing in this state for use, consumption, distribution, and storage for use or consumption in this state." [§39-26-102(3)(a) and (b), C.R.S.]

If you are "doing business" as defined by paragraph (a) above, you must open a Colorado sales tax account. If you are "doing business" as defined by paragraph (b) above, you should open a retailer's use tax account.

**Caution:** Before you make a decision with respect to opening an account, you should review *National Geographic Society v. California Board of Equalization* 430 U.S. 551 (1977), and *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992).

### **SALES BY REMOTE SELLERS**

Out-of-state businesses (remote sellers) that sell to Colorado residents solely through the Internet, telephone, or mail-order catalogs and that have no physical presence in Colorado or otherwise do business in this state are protected by *National Bellas Hess, Inc. v.*



Colorado Department  
of Revenue  
Taxpayer Service Division  
1375 Sherman St.  
Denver, Colorado 80261

Forms and other services:  
(303) 238-FAST (3278)  
Assistance:  
(303) 238-SERV (7378)

[www.taxcolorado.com](http://www.taxcolorado.com)

*Department of Revenue* Illinois, 386 U.S. 753 (reaffirmed by the recent *Quill* decision). These United States Supreme Court rulings protect mail-order catalog sales businesses from having to collect state sales taxes from purchasers in states where the remote-seller has no physical presence itself or through an agent.

### **COLORADO SALES TAX ACCOUNT**

To open a Colorado sales tax account, complete a "Colorado Business Registration" (CR 0100) and mail it to the Department of Revenue, Denver, CO 80261-0005, with the appropriate fee. (This may also be completed in person at any of the Taxpayer Service Centers statewide.) The cost of a standard sales tax license is \$16 for a two-year calendar year period, pro-rated in 6-month increments. [§39-26-103, C.R.S.] Sales tax licenses are renewable in January of every even-numbered year. You will receive a Colorado sales tax license in the mail. For further information on sales tax licenses, see FYI Sales 9 "Sales Tax Licenses," located on our Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

Allow four to six weeks to receive a license in the mail. If you apply for a license in person at one of the Taxpayer Service Centers a temporary license number will be issued immediately. The actual license will then be sent to you within two weeks.

After you have opened your sales tax account, you must collect and remit Colorado state sales tax and applicable state-administered local sales taxes under the same laws and regulations that apply to Colorado vendors. In addition, for items delivered for sale into the special taxing districts, the special district sales taxes are due as well. See Special Taxing District in this FYI.

### **RETAILER'S USE TAX ACCOUNT**

To open a Colorado retailer's use tax account, complete a "Colorado Business Registration" (CR 0100). There is no fee. Allow four to six weeks to receive your retailer's use tax license in the mail.

After you have opened your account, you must collect and remit Colorado state retailer's use tax, [§39-26-204 (2), C.R.S.] which is the same rate as the 2.9 percent state sales tax and applies to the same types of transactions as state sales tax. You must also collect special district sales taxes on items delivered for sale into that district. You are not, however, responsible for collecting and remitting local sales taxes that are administered by the State of Colorado.

If you, as a vendor, do not open a retailer's use tax account and do not collect retailer's use tax on taxable sales made to Colorado residents, the purchaser is still liable for and must pay consumer's use tax directly to the Department of Revenue. [§39-26-204 (1) (b), C.R.S.] Under such circumstances, the purchaser must file a "Colorado Consumer Use Tax Return" (DR 0252).

### **TRADE NAME INFORMATION**

The Colorado Department of Revenue does not process the registration of trade names for any type of business. All filing of trade names, renewals, inquiries and collection of trade name fees is provided by the Colorado Secretary of State's office at [www.sos.state.co.us](http://www.sos.state.co.us)

### **SPECIAL TAXING DISTRICTS**

Special District taxes are primarily filed on the DR 0100 Colorado Retail Sales Tax return.

In Colorado there are varying special district taxes and special district tax rates which are applicable to specific jurisdictions within the state. The current special district taxes include: Regional Transportation District (RTD), Football Stadium District (FD), Scientific and Cultural Facilities District (CD), Local Improvement District (LID), Local Marketing District, Mass Transit District, Rural Transportation Authority (RTA) taxes, Short-Term Rental Tax, County Lodging Tax, Multi-Jurisdictional Housing Authority, and Public Safety Improvements Tax.

For more information regarding these special district taxes, areas where they apply, tax rates and exemptions see Publication DR 1002 "Colorado Sales/Use Tax Rates." This publication is located on the Web at [www.taxcolorado.com](http://www.taxcolorado.com)

### ***Retailer's Use Tax***

Retailer's Use Tax and special district taxes are remitted on Form DR 0173 in the Special District tax columns. To find out whether an address you are delivering to is within RTD/CD/FD boundaries, contact the RTD.

### ***IMPORTANT NOTICE***

All references to local sales taxes apply only to city, county and special district sales taxes that are collected by the State of Colorado. Home rule cities that collect their own local sales taxes should be contacted directly for their tax laws and regulations. For information on which cities are home-rule cities and how they may be contacted, see DOR publication "Colorado Sales/Use Tax Rates" (DR 1002). This publication also contains information on local sales/use tax rates for all state-administered cities and counties. You may obtain the DR 1002 on our Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

### ***AUTOMATED BUSINESS INFORMATION***

The Colorado Department of Revenue offers automated services for and about businesses. The Sales Tax Information System provides the following automated services:

- 1 Colorado Sales Tax Rates - finds specific city, county and special district rates.
- 1 Verification of Sale Tax License Exemption Numbers - determines whether a Colorado sales tax license or exemption certificate is valid.
- 1 Tax Rates by Account Number - finds sales tax rates and locations for specific sales tax accounts.

These services make it possible for taxpayers to help themselves to information 24-hours a day.

Web users may use the online service at [www.taxview.state.co.us](http://www.taxview.state.co.us)

### ***FURTHER INFORMATION***

FYIs and commonly used forms are available on the Web at [www.taxcolorado.com](http://www.taxcolorado.com)

For additional tax information visit the Tax Information Index which covers a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The Tax Information Index is located at [www.taxcolorado.com](http://www.taxcolorado.com)

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.